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Gov. Holds Off Putting Mine on Superfund List
Ian Hoffman Journal Staff Writer

Pressed by U.S. Sen. Pete Domenici, Gov. Gary Johnson put off clearing federal regulators to place the Molycorp mine in Questa on the national Superfund list for cleanup.

Johnson instead ordered state officials back into talks with Molycorp aimed at an agreement for a state-regulated cleanup.

"We would just as soon have this worked out between the state and Molycorp," the governor said Thursday. "They're negotiating as we speak."

Until a phone call this week from Domenici, however, Johnson had been inclined to sign his agreement with a U.S. Environmental Protection Agency proposal to list Molycorp as a Superfund site.

EPA and state regulators tout numerous studies showing the mine's towering piles of waste rock are draining sulphuric acid and toxic metals into ground water and the Red River. Once a famed trout stream, the Red runs a soapy blue with aluminum and other metals implicated in the river's loss of wild fish.

The mine has produced the steel-hardening agent molybdenum for almost 80 years. Molycorp, owned by Unocal Corp. of California, estimates its six remaining ore bodies are worth \$700 million at average market values. But molybdenum prices are tracking a depressed domestic steel market and, with added competition from South American "moly" mines, are not expected to recover soon. The Questa mine laid off two-thirds of its work force in late 1998.

A federal Superfund listing would put Molycorp on the financial hook for studies of water and soil contamination, selection of a cleanup plan and then cleanup itself.

Molycorp officials say the mine is not the source for toxic metals in the Red River and one homeowner's well. And they argue that a Superfund listing will force them to close the molybdenum mine, one of the highest-paying employers in Taos County.

State officials suggest Molycorp's decisions on operating the mine more likely rely on the molybdenum market than on a mandatory

cleanup.

"What we're trying to do is work out something that doesn't push them over the edge," said Johnson chief of staff Lou Gallegos. "We're willing to give on some things."

But, he added: "We reject quite frankly the notion that Molycorp doesn't have some negative impact on the water there."

For Domenici, the issue is jobs.

"Mines are not pretty," Domenici said Thursday while at the Los Alamos National Laboratory. "But I am very loathe to sit by and watch action taken that could remove that job base without the molybdenum corporation being given an opportunity to do what ought to be done."

State-Molycorp talks broke down in November for the second time in three years, and the nature of the impasse was the same: Molycorp would agree to study the sources of contaminants in ground water and the river, but the company refused to commit to a cleanup.

Molycorp says its own studies show the pollution of the Red River is natural, the same acidic metal pollutants seeping into the river as nearby mountainsides erode.

Domenici said state regulators should give Molycorp more of a chance to prove its case before demanding a commitment to a cleanup.

No company, he said, "would just say, 'Whatever you want, agency, we'll pay for it.' "

Under state or federal cleanup, Molycorp would perform intensive studies to size up the sources of contamination and establish what amount is attributable to the mine.

And whether state or federal, a cleanup would focus on an estimated 328 million tons of waste rock dating to the 1960s and, state regulators say, unrelated to operation of the mine today.

"Neither option would close down the active portion of the mine," said state Environment Secretary Pete Maggiore. "We would support continued mining operations under any event."

State and EPA regulators are pursuing grants to retrain Molycorp's miners as cleanup workers. Molycorp has the choice of performing the cleanup itself or paying contractors, said Paul Ritzma, the state's deputy secretary of the environment.

EPA officials want to propose the Superfund listing by Jan. 20. If the state's negotiations fail, Johnson has suggested he will agree to the listing.

---- INDEX REFERENCES ----

COMPANY (TICKER): Unocal Corp. (UCL)

NAMED PERSON: JOHNSON, GARY

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